

## **KENTUCKY REAL ESTATE APPRAISERS BOARD**

### **TYPE OF MEETING**

Regular Meeting

### **DATE AND LOCATION**

May 22, 2009 – Board Office

### **PRESIDING OFFICER**

Paul Moore, Vice Chair

### **ROLL CALL**

Present:

Paul Moore, Vice Chair  
Loren Huff, Board Member  
Sam E. Blackburn, Board Member  
G. Herbert Pritchett, Board Member

Present Also:

Larry Disney, Executive Director  
Angie Thomas, Staff Assistant  
James Grawe, Board Counsel  
Dennis Badger, Investigator

Absent:

Dorsey Hall, Chair

Vice Chair, Paul Moore opened the meeting by welcoming the guest. No guest was in attendance.

Motion by Sam Blackburn, second by Loren Huff and the Board unanimously approved the April 24, 2009 minutes.

### **EDUCATION**

Motion by Sam Blackburn, second by Loren Huff and the Board unanimously agreed to approve the following education courses for fiscal year 2009-10:

#### **A. Career WebSchool - Renewal**

- (1) Basic Appraisal – 60 hours QE (Renewal)
- (2) Basic Appraisal Principles – 30 hours QE (Renewal)
- (3) Basic Appraisal Procedures – 30 hours QE (Renewal)
- (4) Basic Appraisal and Reports – 75 hours QE (Renewal)
- (5) Residential Sales Comparison and Income Approaches – 30 hours QE (Renewal)

- (6) Residential Appraiser Site Valuation and Cost Approach – 15 hours QE and 14 hours CE (Renewal)
- (7) Residential Market Analysis and Highest & Best Use – 15 hours QE and 14 hours CE (Renewal)
- (8) Residential Report Writing and Case Studies – 15 hours QE and 14 hours CE (Renewal)
- (9) A URAR Form Review – 7 hours CE (Renewal)
- (10) Appraisal Methods – 15 hours QE (Renewal)
- (11) Overview of the Appraisal Process – 14 hours CE (New course)

#### B. Appraisal Institute – Renewal

##### Pre-Licensing Credit

- Advanced Applications (Elective Hours) – 40 hours
- Advanced Income Capitalization – 40 hours
- Advanced Residential Applications and Case Studies, Part I -15 hours
- Advanced Residential Report Writing, Part 2 – 30 hours
- Advanced Sales Comparison & Cost Approaches – 40 hours
- Alternative Uses & Cost Valuation of Small, Mixed Use Properties – 16 hours
- Apartment Appraisal: Concepts and Applications – 16 hours
- Basic Appraisal Principles – 30 hours
- Basic Appraisal Procedures – 30 hours
- General Appraiser Income Approach, Part 1-REVISED – 30 hours
- General Appraiser Income Approach, Part 2 – 30 hours
- General Appraiser Report Writing and Case Studies – 30 hours
- General Appraiser Sales Comparison Approach – 30 hours
- General Appraiser Site Valuation & Cost Approach – 30 hours
- General Market Analysis and Highest and Best Use – 30 hours
- Income Valuation of Small, Mixed-Use Properties – 16 hours
- National USPAP – 15 hours
- Real Estate Finance, Statistics, and Valuation Modeling – 15 hours
- Residential Market Analysis and Highest and Best Use – 15 hours
- Residential Report Writing & Case Studies – 15 hours
- Residential Sales Comparison & Income Approaches (203-15 hrs) (204-15 hrs) – 30 hours
- Residential Site Valuation and Cost Approach – 15 hours
- Sales Comparison Valuation of Small, Mixed Use Properties – 16 hours

#### CONTINUING EDUCATION COURSES

- Alternative Uses and Cost Valuation of Small, Mixed-Use Properties – 15 hours
- An Introduction to Valuing Green Buildings – 7 hours
- Analytics With The Site To Do Business – 7 hours
- Appraisal Challenges: Declining Markets and Sales Concessions – 7 hours
- Appraisal Curriculum Overview – General – 15 hours
- Appraisal Curriculum Overview – Residential – 8 hours
- Appraisal Review – General – 7 hours
- Appraising Distressed Commercial Real Estate – 7 hours
- Appraising Historic Preservation Easements – 23/21 hours
- Appraising Manufactured Housing – 7 hours

Business Practices and Ethics – 5 hours  
Commercial Appraiser Engagement & Review Seminar for Bankers & Appraisers – 7 hours  
Computer Enhanced Cash Flow Modeling – 15 hours  
Condemnation Appraising: Principles and Applications – 21/22 hours  
Condominiums, Co-Ops, and PUD's – 7 hours  
Forecasting Revenue – 7 hours  
General Demonstration Appraisal Report Writing Seminar – 7 hours  
Income Valuation and Small Mixed-Use Properties – 15 hours  
Introduction to FHA Appraising – 7 hours  
Introduction to Valuation for Financial Reporting – 7 hours  
Litigation Appraising: Specialized Topics & Applications – 15 hours  
Litigation Skills for the Appraisers – 7 hours  
National USPAP Update – 7 hours  
Office Building Valuation: A Contemporary Perspective – 7 hours  
Quality Assurance in Residential Appraisals – 7 hours  
REO Appraisal - 7 hours  
Report Writing & Valuation Analysis – 40 hours  
Reviewing Residential Appraisal Reports – 7 hours  
Sales Comparison Valuation of Small, Mixed-Use Properties – 15 hours  
Scope of Work – 7 hours  
Subdivision Valuation: A Comprehensive Guide to Valuing Improved Subdivision – 7 hours  
The Appraiser as an Expert Witness: Preparation & Testimony – 15 hours  
Uniform Appraisal Standards for Federal Land Acquisitions – 16 hours  
Using Spreadsheet Programs in Real Estate Appraisals: The Basics – 7 hours  
Valuation of Conservation Easements – 33 hours  
Valuation of Green Residential Properties – 7 hours

## ON-LINE CONTINUING EDUCATION COURSES

On-line Analyzing Distressed Real Estate – 4 hours  
On-line Analyzing Operating Expenses – 7 hours  
On-line Appraisal of Nursing Facilities – 9 hours  
On-line Appraising Convenience Stores – 7 hours  
On-line Appraising from Blueprints and Specifications – 7 hours  
On-line Appraising Manufactured Housing – 7 hours  
On-line Business Practices and Ethics – 5 hours  
On-line Condominiums, Co-Ops & PUD's – 7 hours  
On-line Cool Tools: New Technology for Real Estate Appraisers – 7 hours  
On-line Eminent Domain and Condemnation – 7 hours  
On-line Feasibility, Market Value, Investment Timing: Option Value – 7 hours  
On-line FHA & The Appraisal Process – 7 hours  
On-line Forecasting Revenue – 7 hours  
On-line General Appraiser Site Valuation and The Cost Approach – 14 hours  
On-line GIS - The Building Case Study – 21 hours  
On-line GIS - The Novice Case Study – 7 hours  
On-line Introduction to International Valuation Standards – 8 hours  
On-line Marshall & Swift Commercial Cost Training – 7 hours  
On-line Marshall & Swift Residential Cost Training – 10 hours

- On-line Professionals Guide to the Fannie Mae 2-4 Unit Form 1025 – 10 hours
- On-line Professional's Guide to the Uniform Residential Appraisal Report – 7 hours
- On-line Rates & Ratios: Making Sense of GIMs, OARs and DCF – 7 hours
- On-line Real Estate Appraisal Operations – 4 hours
- On-line Residential Design and Functional Utility – 7 hours
- On-line Residential Property Construction and Inspection – 7 hours
- On-line Reviewing Residential Appraisals and Using Fannie Mae Forms 2000 – 7 hours
- On-line Scope of Work: Expanding Your Range of Services – 7 hours
- On-line Small Hotel/Motel Valuation – 7 hours
- On-line Subdivision Valuation – 7 hours
- On-line Supervising Appraisal Trainees – 4 hours
- On-line Using Your HP12C Financial Calculator – 7 hours
- On-line Valuation of Detrimental Conditions in Real Estate – 7 hours
- On-line What Commercial Clients Would Like Appraisers to Know – 7 hours

## ON-LINE PRE-LICENSING COURSES

- On-line Apartment Appraisals – Concepts and Applications – 16 hours
- On-line Basic Appraisal Principles – 30 hours
- On-line Basic Appraisal Procedures – 30 hours
- On-line General Appraiser Site Valuation and the Cost Approach – 30 hours
- On-line Real Estate Finance, Statistics & Valuation Modeling – 15 hours
- On-line Residential Market Analysis and Highest & Best Use – 15 hours
- On-line Residential Report Writing & Case Studies – 15 hours
- On-line Residential Sales Comparison and Income Approach – 30 hours
- On-line Residential Site Valuation & Cost Approach – 15 hours

Motion by Herbert Pritchett, second by Sam Blackburn and the Board unanimously agreed to approve the following education courses for fiscal year 2009-10:

### C. McKissock, LLP – New Courses

- (1) Current Issues in Appraising – Virtual Classroom – 7 hours CE
- (2) Ad Valorem Tax Consultation – Virtual Classroom – 3 hours CE
- (3) Introduction to Expert Witness Testimony – Virtual Classroom – 7 hours CE

### D. Dynasty School – New Courses

- (1) Real Estate Appraisal – Principles & Procedures – Web Enhanced-Correspondence – 60 QE/58 CE
- (2) National USPAP – Web Enhanced-Correspondence – 15 QE/14 CE
- (3) Real Estate Finance – Appraiser's ED – Web Enhanced-Correspondence – 45 QE/42 CE
- (4) Residential Report Writing & Case Studies– Web Enhanced-Correspondence – 15 QE/14 CE
- (5) National USPAP Update – Web Enhanced-Correspondence – 7 hours CE

### E. Appraisal Institute – New Course

- (1) Online Valuation of Green Residential Properties – 7 hours CE online

Larry Disney advised the Board the Distance Education regulation has been revised. Dr. Don Bodley, who held the contract for the Distance Education Administrator for the Board, is now in a nursing home. Larry Disney told the Board the AQB is now reviewing DE courses. All courses DE courses must be IDECC and AQB approved. The Board also agreed to send a letter to Dr. Bodley a letter thanking him for his service.

### **EXPERIENCE**

Motion by Loren Huff, second by Sam Blackburn and the Board unanimously agreed to accept staff recommendation and approve the following experience:

- (1) Douglas S. McPherson – Approve for Certified General

Motion by Herbert Pritchett, second by Sam Blackburn and the Board unanimously agreed to accept the staff recommendation and reject the following experience:

- (1) David Waller – Reject experience for Certified Residential. Request that he and his supervisor contact Larry Disney to discuss appraisal report.

### **CERTIFICATION/LICENSURE**

Motion by Sam Blackburn, second by Loren Huff and the Board voted to approve a total of seven (7) individuals for certification/licensure.

- (1) Ivan J. Antal, II – Certified General – Reciprocal with Tennessee. Herbert Pritchett recused himself on the acceptance of Mr. Antal.
- (2) Gregory S. Barr – Associate
- (3) Greg G. Conley – Associate
- (4) Alisha M. Gammon – Certified General – Reciprocal with Tennessee
- (5) Douglas S. McPherson – Certified General
- (6) Michelle Mullins – Certified General
- (7) Joshua A. Overton – Certified Residential – Reciprocal with Tennessee

### **COMPLAINT**

- A. The Board reviewed the case summary flow chart and was advised there have been a total of 24 cases filed for 2009.
- B. Dennis Badger presented an investigator report.
- C. Larry Disney advised the Board that the ASC requires cases to be closed in one year, with the one year starting the day the information is received in the Board office. Larry advised the Board 23 of the cases that are one year old consist of 2 individuals. The Board agreed

that the case will be processed as the best as they could and they will work diligently to process the cases within the required date.

A. Cases:

- (1) Case No. 08-84 – Respondent: J. Robert Ford  
Motion by Herbert Pritchett, second by Sam Blackburn and the Board agreed to dismiss with leave to reinstate should respondent ever request reinstatement.
- (2) Case No. 08-29 – Motion by Sam Blackburn, second by Loren Huff and the Board agreed to file a formal complaint and set for a hearing with the revision of the investigation report.
- (3) Case No. 08-49 – Motion by Sam Blackburn, second by Herbert Pritchett and the Board agreed to file a formal complaint and set for a hearing
- (4) Case No. 08-51 – Motion by Sam Blackburn, second by Herbert Pritchett and the Board agreed to file a formal complaint and set for a hearing
- (5) Case No. 08-52 – Motion by Sam Blackburn, second by Herbert Pritchett and the Board agreed to file a formal complaint and set for a hearing
- (6) Case No. 08-53 – Motion by Sam Blackburn, second by Herbert Pritchett and the Board agreed to file a formal complaint and set for a hearing

B. Final Order:

- (1) Case Nos. 07-70 and 07-71 – Respondent: Richard Burge  
James Grawe recused himself from discuss and left the room.  
Motion by Loren Huff, second by Sam Blackburn and the Board adopted the final order, whereby,  
Based upon the foregoing, the Kentucky Real Estate Appraisers Board HEREBY ORDERS as follows:
  1. The Certified General Real Property Appraiser certificate number 130 held by Richard Burge is suspended for a period of one year.
  2. Ninety days of the suspension shall be served at a time by agreement between Mr. Burge and the Board.
  3. The remaining nine months suspension is probated for two years.
  4. On or before June 30, 2010, Mr. Burge shall obtain seven hours continuing education in appraising "highest and best use," or an equivalent continuing education course agreed to by the Board's Executive Director.
  5. On or before June 30, 2009, Mr. Burge shall pay a fine in the amount of \$2,000, being \$500 for each of the four areas of violation committed by him.
  6. Mr. Burge's Certified General Real Property Appraiser certificate shall be removed from suspension after the 90 days served, and his probation also shall end, only so long as the terms of this order have been satisfied.
  7. If Mr. Burge fails to comply with any of the terms of this order by the end of his 90 day suspension or by the end of his period of probation, his license shall be automatically suspended, and thereafter he must petition the Board for reinstatement.
- (2) Case No. 07-68, 07-69, 08-86 – Respondent: David Noel  
Motion by Herbert Pritchett, second by Sam Blackburn and the Board accepted the agreed order, whereby, the respondent:
  - (a) Noel hereby agrees that his Certified General Real Property Appraiser Certificate is hereby SUSPENDED effective upon entry of this Agreed Order by the Board. The SUSPENSION shall remain in place for a period of no less than two (2) years, but in no

- event shall the suspension be lifted until Noel successfully completed the requirements set forth in paragraph (b).
- (b) Noel also agrees that the suspension of his certificate shall not be lifted until he shows proof that he has met the educational requirements of 201 KAR 30:190 and passed the examination required by 201 KAR 30:050 Section 1.
- (3) Case No. 07-63 – Respondent: Johnny S. Johnson  
Motion by Sam Blackburn, second by Loren Huff and the Board accepted the agreed order, whereby, the respondent:
- (a) **Johnson** shall complete a 30 hour Appraisal Institute Online Residential Sales Comparison & Income Approach course with successful completion of the examination. Said 30 hours of education shall be in addition to the regular continuing education requirement of 201 KAR 30:050 Section 7. The course work required herein shall be completed by July 1, 2009.
- (b) **Johnson** shall be fined the sum of \$300.00 with total amount due with the signed agreed order.
- (4) Case No. 09-22 – Grievant: Martha Gruhot – Respondent: James Reynolds - Motion by Herbert Pritchett, second by Sam Blackburn and the Board agreed to issue a Letter of Advisory. The Board also agreed to issue a letter of advisory to the grievant.
- (5) David Harrington – The Board agreed until the terms of the final order have been met, the suspension will remain in effect.
- (6) Case No. 09-26 – Motion by Sam Blackburn, second by Herbert Pritchett and the Board unanimously agreed to dismiss the case.
- (7) Case No. 07-51 – Respondent: Gerald Florence  
Motion by Herbert Pritchett, second by Sam Blackburn and the Board agreed to accept the agreed order, whereby,
- (a) Florence agrees that he will not prepare any assignments of a church or house of worship, or other special use properties until he has successfully completed coursework and experience to demonstrate a competency knowledge base to do so.
- (b) Florence agrees to not appraise any property greater than 1-4 residential uses with a transaction or market value greater than \$1,000,000 unless the appraisal is reviewed by a Kentucky Certified General Real Property Appraiser who has experience appraising the property type in the area of Kentucky where the property is located. (This item shall not apply to agriculture use property types.\*)
- (c) Mr. Florence shall pay a \$500 fine to the Kentucky Real Estate Appraisers Board, and return the said payment with the signed agreed order.
- (8) Case No. 07-51 – Respondent: Donald Pierce  
Motion by Herbert Pritchett, second by Sam Blackburn and the Board agreed to accept the agreed order, whereby,
- (a) Pierce agrees that he will not prepare any assignments of a church or house of worship, or other special use properties until he has successfully completed coursework and experience to demonstrate a competency knowledge base to do so.



- (b) Pierce agrees to not appraise any property greater than 1-4 residential uses with a transaction or market value greater than \$1,000,000 unless the appraisal is reviewed by a Kentucky Certified General Real Property Appraiser who has experience appraising the property type in the area of Kentucky where the property is located. (This item shall not apply to agriculture use property types.\*)
- (c) Mr. Pierce shall pay a \$500 fine to the Kentucky Real Estate Appraisers Board, and return the said payment with the signed agreed order.

Larry Disney questioned about the case of Mr. Lynn Prichard. James Grawe advised the Board he is working with Mr. Prichard attorney on this matter.

### **MISCELLANEOUS**

- A. Letter to Chair, Dorsey hall from The Appraisal Subcommittee concerning Field Review on March 25-27, 2009. The Board directed that a response shall be drafted for Board review prior to the June 12, 2009 Board meeting.
- B. Budget ending April 30, 2009
- F. Appraisal Subcommittee – Regulation changes – See “Q” Below
- G. Renewal of Melvin Manley – The Board agreed to proceed with the renewal.
- H. Letter from William Sanderfer, Jr. concerning completing examination for course required to be completed by an Agreed Order. The Board unanimously agreed to allow him a time extension until June 30, 2009 to comply with the order.
- I. Education request from Rick Baumgardner – Motion by Herbert Pritchett, second by Sam Blackburn and the Board accepted the request for approval.
- J. Update of H.R. 1728, the Mortgage Reform and Anti-Predatory Lending Act
- K. National USPAP Update course completion date – Administrative Regulation 201 KAR 30:050 shall be amended to require that the 7 hour USPAP Update course must be completed by all Kentucky credentialed appraisers between January 1 and June 30 of each even numbered year.
- L. Appraisal Fee Split – AMC’s – Motion by Herbert Pritchett, second by Sam Blackburn and the Board accepted the advisory and add to website and send to appraiser requesting the advice.
- M. AQB Guide Note 8 Final – The information explaining the issue was presented to the Board.
- N. AQB Interpretation-Acceptable College and University courses final
- O. AQB Meeting Summary Chicago May 2009
- P. Continuing Education completion and renewal dates – The Board voted unanimously to allow appraisers to take the same class every year.
- Q. Amended Regulations – Motion by Herbert Pritchett, second by Sam Blackburn and the Board unanimously agreed to approve the following regulation with the revised language.
  - 1. 201 KAR 30:010
  - 2. 201 KAR 30:030
  - 3. 201 KAR 30:050
  - 4. 201 KAR 30:070
  - 5. 201 KAR 30:180
- R. Website Information – Representatives will meet with Board Staff on Tuesday, May 26<sup>th</sup> to discuss a revision of licensee information on the website.
- S. Motion by Herbert Pritchett, second by Loren Huff and the Board agreed that Larry Disney may attend the AQB meeting in Sacramento, CA in July.



- T. Larry Disney advised the Board to give the staff any guidance and make changes if they feel the staff can better perform their job. The Board agreed the staff, Larry, Angie, Dennis, Tom and James Grawe are doing a very good job and are pleased with their performance. The Staff also thanked the Board for their continued support.
- U. Herbert Pritchett discussed working on the following statutes changes:
  - (1) Fees
  - (2) BPO
  - (3) Non Federal – The Board advised that a regulation has been changed to reflect the non-federal license.
  - (4) 2 year renewal cycle – James Grawe advised of the possible problems with 2 year renewal cycles.
- V. Larry Disney reported that language for AMC regulation in Kentucky is now being drafted and should be presented to the KREAB at the July Board meeting.

7. New Business – No Inserts

- A. **June Board Meeting** – Friday, June 12, 2009 – 9:00 a.m. – Board Office.
- B. Hearing – Monday-Thursday, July 13-16, 2009 – 9:00 a.m. – Mark Mitchell
- C. **July Board Meeting** – Friday, July 24, 2009 – 9:00 a.m.

The next Board meeting is scheduled for Friday, June 12, 2009 – 9:00 a.m. at the board office.

Motion by Sam Blackburn, second by Loren Huff and the Board voted unanimously to adjourn the meeting.

  
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Chair

  
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Angie Thomas  
Staff Assistant